



DEPARTMENT OF COMMERCE

International Trade Administration

[A-570-143]

Freight Rail Coupler Systems and Certain Components Thereof from the People's Republic of China: Preliminary Affirmative Determination of Sales at Less-Than-Fair Value

AGENCY: Enforcement and Compliance, International Trade Administration, Department of Commerce.

SUMMARY: The Department of Commerce (Commerce) preliminarily determines that freight rail coupler systems and certain components thereof (freight rail couplers) from the People's Republic of China (China) are being, or are likely to be, sold in the United States at less-than-fair value (LTFV). The period of investigation is January 1, 2021, through June 30, 2021. Interested parties are invited to comment on this preliminary determination.

DATES: Applicable **[INSERT DATE OF PUBLICATION IN THE *FEDERAL REGISTER*]**.

FOR FURTHER INFORMATION CONTACT: Kabir Archuletta, AD/CVD Operations, Office V, Enforcement and Compliance, International Trade Administration, U.S. Department of Commerce, 1401 Constitution Avenue, NW, Washington, DC 20230; telephone: (202) 482-2593.

SUPPLEMENTARY INFORMATION:

Background

This preliminary determination is made in accordance with section 733(b) of the Tariff Act of 1930, as amended (the Act). Commerce published the notice of initiation of this investigation on October 25, 2021.¹ For a complete description of the events that followed the

¹ See *Freight Rail Coupler Systems and Certain Components Thereof from the People's Republic of China: Initiation of Less-Than-Fair-Value Investigation*, 86 FR 58864 (October 25, 2021) (*Initiation Notice*).

initiation of this investigation, *see* the Preliminary Decision Memorandum.² A list of topics included in the Preliminary Decision Memorandum is included as Appendix II to this notice. The Preliminary Decision Memorandum is a public document and is on file electronically via Enforcement and Compliance's Antidumping and Countervailing Duty Centralized Electronic Service System (ACCESS). ACCESS is available to registered users at <https://access.trade.gov>. In addition, a complete version of the Preliminary Decision Memorandum can be accessed directly at <https://access.trade.gov/public/FRNoticesListLayout.aspx>.

Scope of the Investigation

The products covered by this investigation are freight rail coupler systems and certain components thereof from China. For a complete description of the scope of this investigation, *see* Appendix I.

Scope Comments

In accordance with the *Preamble* to Commerce's regulations,³ the *Initiation Notice* set aside a period of time for parties to raise issues regarding product coverage (*i.e.*, scope).⁴ In November 2021, we received timely scope comments from two interested parties,⁵ as well as timely rebuttal scope comments from the petitioner.⁶ In February and March 2022, at our request,⁷ we received additional information, as well as additional comments, from interested parties regarding merchandise under consideration attached to rail cars.⁸ Because this

² *See* Memorandum, "Decision Memorandum for the Preliminary Determination in the Less-Than-Fair-Value Investigation of Freight Rail Coupler Systems and Certain Components Thereof from the People's Republic of China," dated concurrently with, and hereby adopted by, this notice (Preliminary Decision Memorandum).

³ *See Antidumping Duties; Countervailing Duties, Final Rule*, 62 FR 27296, 27323 (May 19, 1997) (*Preamble*).

⁴ *See Initiation Notice*, 86 FR 58865.

⁵ *See* Strato Inc. (Strato)'s Letter, "Strato Scope Comments: Antidumping & Countervailing Duty Investigation of Freight Rail Coupler Systems and Components Thereof from the People's Republic of China," dated November 8, 2021; *see also* Wabtec Corporation's (Wabtec's) Letter, "Certain Freight Rail Coupler Systems and Components Thereof from the People's Republic of China: Comment on the Proposed Scope of the Investigation," dated November 8, 2021.

⁶ The petitioner is the Coalition of Freight Coupler Producers. *See* Petitioner's Letter, "Freight Rail Car Coupler Systems and Certain Components Thereof from the People's Republic of China: Rebuttal Scope Comments," dated November 18, 2021.

⁷ *See* Commerce's Letter, "Less-Than-Fair Value Investigation of Freight Rail Coupler Systems and Certain Components Thereof from the People's Republic of China: Request for Additional Scope Comments," dated February 11, 2022.

⁸ *See* Strato's Letter, "Response to Scope Questions: Antidumping and Countervailing Duty Investigation of Freight

information was submitted in close proximity to this preliminary determination, we intend to evaluate it and issue a decision regarding the scope of this investigation after this preliminary determination.

Methodology

Commerce is conducting this investigation in accordance with section 731 of the Act. Pursuant to sections 776(a) and (b) of the Act, we have preliminarily relied upon facts otherwise available, with adverse inferences (AFA) for the China-wide entity. The China-wide entity includes both companies selected for individual examination, because they failed to respond to Commerce's questionnaire, and all other exporters who responded to Commerce's quantity and value (Q&V) questionnaire, because they failed to submit a separate rate application, as instructed in the *Initiation Notice*.⁹ Because no companies are eligible for a rate separate from the China-wide entity, all exporters of Chinese freight rail couplers are preliminarily found to be part of the China-wide entity. We assigned the highest margin alleged in the petition (*i.e.*, 147.11 percent) to the China-wide entity as AFA, pursuant to sections 776(a) and (b) of the Act. For a full description of the methodology underlying the preliminary determination, *see* the Preliminary Decision Memorandum.

Combination Rates

Rail Coupler Systems and Certain Components Thereof from the People's Republic of China (A-570-143/C-570-144)," dated February 22, 2022; *see also* Wabtec's Letter, "Certain Freight Rail Coupler Systems and Components Thereof from the People's Republic of China: Additional Scope Comments" dated February 22, 2022; *see also* Petitioner's Letter, "Freight Rail Car Coupler Systems and Certain Components Thereof from the People's Republic of China: Petitioner's Response to Request for Scope Comments," dated February 22, 2022; *see also* Strato's Letter, "Strato, Inc., Reply to Petitioners Response to Scope Questions: Antidumping and Countervailing Duty Investigation of Freight Rail Coupler Systems and Certain Components Thereof from the People's Republic of China (A-570-143/C-570-144)," dated March 1, 2022; *see also* Wabtec's Letter, "Certain Freight Rail Coupler Systems and Components Thereof from the People's Republic of China: Rebuttal Scope Comments," dated March 1, 2022; *see also* Petitioner's Letter, "Freight Rail Car Coupler Systems and Certain Components Thereof from the People's Republic of China: Petitioner's Rebuttal Response to Strato and Wabtec's Additional Scope Comments," dated March 1, 2022.

⁹ *See Initiation Notice*, 86 FR at 58868 ("Commerce requires that respondents from China submit a response to both the Q&V questionnaire and the separate rate application by the respective deadlines in order to receive consideration for separate-rate status").

In the *Initiation Notice*, Commerce stated that it would calculate producer/exporter combination rates for the respondents that are eligible for a separate rate in this investigation.¹⁰ Policy Bulletin 05.1 describes this practice.¹¹ In this case, because no companies qualified for a separate rate, producer/exporter combination rates were not calculated for this preliminary determination.¹²

Preliminary Determination

Commerce preliminarily determines that the following estimated dumping margins exist:

Exporter/Producer	Estimated Dumping Margin (percent)	Estimated Dumping Margin Adjusted for Export Subsidy Offset(s) (percent)
China-Wide Entity	147.11	116.70

Suspension of Liquidation

In accordance with section 733(d)(2) of the Act, Commerce will direct U.S. Customs and Border Protection (CBP) to suspend liquidation of entries of subject merchandise, as described in Appendix I, entered, or withdrawn from warehouse, for consumption on or after the date of publication of this notice in the *Federal Register*.

Further, pursuant to section 733(d)(1)(B) of the Act and 19 CFR 351.205(d), Commerce will instruct CBP to require a cash deposit equal to the weighted average amount by which normal value exceeds U.S. price, as indicated in the chart above, as follows: (1) for all Chinese exporters of subject merchandise, the cash deposit rate will be equal to the estimated dumping margin established for the China-wide entity; and (2) for all third-country exporters of subject merchandise, the cash deposit rate is also the cash deposit rate applicable to the China-wide entity. These suspension of liquidation instructions will remain in effect until further notice.

¹⁰ See *Initiation Notice*, 86 FR 58868.

¹¹ See Enforcement and Compliance's Policy Bulletin No. 05.1, regarding, "Separate-Rates Practice and Application of Combination Rates in Antidumping Investigations involving Non-Market Economy Countries," (April 5, 2005) (Policy Bulletin 05.1), available on Commerce's website at <http://enforcement.trade.gov/policy/bull05-1.pdf>.

¹² See Preliminary Decision Memorandum.

To determine the cash deposit rate, Commerce normally adjusts the estimated weighted-average dumping margin by the amount of domestic subsidy pass-through and export subsidies determined in a companion countervailing duty (CVD) proceeding when CVD provisional measures are in effect. Accordingly, where Commerce has made a preliminary affirmative determination for domestic subsidy pass-through or export subsidies, Commerce has offset the calculated estimated weighted-average dumping margin by the appropriate rate(s). As discussed in the Preliminary Decision Memorandum, we made no adjustment for domestic subsidy pass-through. As further explained in the Preliminary Decision Memorandum, we made an adjustment for export subsidies found in the companion CVD investigation.¹³ The adjusted rate may be found in the “Preliminary Determination” section chart above.

Should provisional measures in the companion CVD investigation expire prior to the expiration of provisional measures in this LTFV investigation, Commerce will direct CBP to begin collecting cash deposits at a rate equal to the estimated weighted-average dumping margin calculated in this preliminary determination unadjusted for export subsidies at the time the CVD provisional measures expire.

These suspension of liquidation instructions will remain in effect until further notice.

Disclosure

Normally, Commerce discloses to interested parties the calculations performed in connection with a preliminary determination within five days of its public announcement or, if there is no public announcement, within five days of the date of publication of this notice, in accordance with 19 CFR 351.224(b). However, because Commerce preliminarily determined that all companies are part of the China-wide entity and assigned as AFA to the China-wide entity a rate that is based solely on the margin alleged in the petition, there are no calculations to disclose.

Verification

¹³ See Preliminary Decision Memorandum at 11-12.

Because the mandatory respondents in this investigation did not provide information requested by Commerce by the established deadline and Commerce preliminarily determines in accordance with section 776(b) of the Act that each of the mandatory respondents has been uncooperative, verification will not be conducted.

Public Comment

Case briefs or other written comments on non-scope matters may be submitted to the Assistant Secretary for Enforcement and Compliance no later than 30 days after the date of publication of the preliminary determination. Rebuttal briefs, limited to issues raised in case briefs, may be submitted no later than seven days after the deadline date for case briefs.¹⁴ Pursuant to 19 CFR 351.309(c)(2) and (d)(2), parties who submit case briefs or rebuttal briefs in this investigation are encouraged to submit with each argument: (1) a statement of the issue; (2) a brief summary of the argument; and (3) a table of authorities. Commerce has modified certain of its requirements for serving documents containing business proprietary information until further notice.¹⁵

All interested parties will have the opportunity to submit case and rebuttal briefs on the post-preliminary scope determination. The deadline to submit case briefs on the post-preliminary scope decision will be seven days after the signature date of the post-preliminary scope determination memorandum. Rebuttal scope briefs (which are limited to issues raised in the scope briefs) may be submitted no later than seven days after the deadline for the scope briefs. For all scope briefs and rebuttals thereto, parties must file identical documents simultaneously on the records of the ongoing AD and CVD freight rail coupler investigations. No new factual information or business proprietary information may be included in either scope briefs or rebuttal scope briefs.

¹⁴ See 19 CFR 351.309; *see also* 19 CFR 351.303 (for general filing requirements).

¹⁵ See *Temporary Rule Modifying AD/CVD Service Requirements Due to COVID-19; Extension of Effective Period*, 85 FR 41363 (July 10, 2020).

Pursuant to 19 CFR 351.310(c), interested parties who wish to request a hearing, limited to issues raised in the case and rebuttal briefs, must submit a written request to the Assistant Secretary for Enforcement and Compliance, U.S. Department of Commerce, within 30 days after the date of publication of this notice. Requests should contain the party's name, address, and telephone number, the number of participants, whether any participant is a foreign national, and a list of the issues to be discussed. If a request for a hearing is made, Commerce intends to hold the hearing at a date and time to be determined. Parties should confirm by telephone the date, time, and location of the hearing two days before the scheduled date.

Final Determination

Section 735(a)(1) of the Act and 19 CFR 351.210(b)(1) provide that Commerce will issue the final determination within 75 days after the date of its preliminary determination. Accordingly, Commerce will make its final determination no later than 75 days after the signature date of this preliminary determination.

International Trade Commission Notification

In accordance with section 733(f) of the Act, Commerce will notify the International Trade Commission (ITC) of its preliminary determination. If the final determination is affirmative, the ITC will determine before the later of 120 days after the date of this preliminary determination or 45 days after the final determination whether these imports are materially injuring, or threaten material injury to, the U.S. industry.

Notification to Interested Parties

This determination is issued and published in accordance with sections 733(f) and 777(i)(1) of the Act, and 19 CFR 351.205(c).

Dated: March 8, 2022.

Lisa W. Wang,

Assistant Secretary

for Enforcement and Compliance.

Appendix I

Scope of the Investigation

The scope of this investigation covers freight rail car coupler systems and certain components thereof. Freight rail car coupler systems are composed of, at minimum, four main components (knuckles, coupler bodies, coupler yokes, and follower blocks, as specified below) but may also include other items (e.g., coupler locks, lock lift assemblies, knuckle pins, knuckle throwers, and rotors). The components covered by the investigation include: (1) E coupler bodies; (2) E/F coupler bodies; (3) F coupler bodies; (4) E yokes; (5) F yokes; (6) E knuckles; (7) F knuckles; (8) E type follower blocks; and (9) F type follower blocks, as set forth by the Association of American Railroads (AAR). The freight rail coupler components are included within the scope of the investigation when imported individually, or in some combination thereof, such as in the form of a coupler fit (a coupler body and knuckle assembled together), independent from a coupler system.

Subject freight rail car coupler systems and components are included within the scope whether finished or unfinished, whether imported individually or with other subject or non-subject components, whether assembled or unassembled, whether mounted or unmounted, or if joined with non-subject merchandise, such as other non-subject system parts or a completed rail car. Finishing includes, but is not limited to, arc washing, welding, grinding, shot blasting, heat treatment, machining, and assembly of various components. When a subject coupler system or subject components are mounted on or to other non-subject merchandise, such as a rail car, only the coupler system or subject components are covered by the scope.

The finished products covered by the scope of this investigation meet or exceed the AAR specifications of M-211, "Foundry and Product Approval Requirements for the Manufacture of Couplers, Coupler Yokes, Knuckles, Follower Blocks, and Coupler Parts" or AAR M-215 "Coupling Systems," or other equivalent domestic or international standards (including any revisions to the standard(s)).

The country of origin for subject coupler systems and components, whether fully assembled, unfinished or finished, or attached to a rail car, is the country where the subject coupler components were cast or forged. Subject merchandise includes coupler components as defined above that have been further processed or further assembled, including those coupler components attached to a rail car in third countries. Further processing includes, but is not limited to, arc washing, welding, grinding, shot blasting, heat treatment, painting, coating, priming, machining, and assembly of various components. The inclusion, attachment, joining, or assembly of non-subject components with subject components or coupler systems either in the country of manufacture of the in-scope product or in a third country does not remove the subject components or coupler systems from the scope.

The coupler systems that are the subject of this investigation are currently classifiable in the Harmonized Tariff Schedule of the United States (HTSUS) statistical reporting number 8607.30.1000. Unfinished subject merchandise may also enter under HTSUS statistical reporting number 7326.90.8688. Subject merchandise attached to finished rail cars may also enter under HTSUS statistical reporting numbers 8606.10.0000, 8606.30.0000, 8606.91.0000, 8606.92.0000, 8606.99.0130, 8606.99.0160, or under subheading 9803.00.5000 if imported as an Instrument of International Traffic. These HTSUS subheadings are provided for convenience and customs purposes only; the written description of the scope of the investigation is dispositive.

Appendix II

List of Topics Discussed in the Preliminary Decision Memorandum

- I. Summary
- II. Background
- III. Period of Investigation
- IV. Scope Comments
- V. Discussion of the Methodology
- VI. Adjustment Under Section 777A(f) of the Act
- VII. Adjustment to Cash Deposit Rate for Export Subsidies
- VIII. ITC Notification
- IX. Recommendation

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